

Message Text

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ACTION DOE-15

INFO OCT-01 EA-10 ISO-00 SOE-02 EB-08 OES-07 CIAE-00
INR-10 NSAE-00 TRSE-00 OMB-01 SS-15 PM-05 NSF-01
SP-02 NSCE-00 SSO-00 INRE-00 /077 W
-----054849 311639Z /11

O 310653Z MAR 78
FM AMEMBASSY WELLINGTON
TO SECSTATE WASHDC IMMEDIATE 5272
INFO AMEMBASSY BANGKOK
AMEMBASSY CANBERRA
AMEMBASSY JAKARTA
AMEMBASSY KUALA LUMPUR
AMEMBASSY MANILA
AMEMBASSY SINGAPORE

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E.O. 11652: N/A
TAGS: OVIP, ENRG, NZ
SUBJECT: VICE PRESIDENT'S VISIT - GEOTHERMAL COOPERATION

REF: STATE 79787

SUMMARY: REFTEL SEEMS TO HAVE BEEN DRAFTED WITHOUT
REFERENCE TO AN EXISTING, FORMAL STRUCTURE FOR US-NZ
COOPERATION IN ALL ASPECTS OF ENERGY, INCLUDING GEOTHERMAL.
THIS IS ACCOMMODATED WITHIN THE AGREEMENT FOR SCIENTIFIC
AND TECHNOLOGICAL COOPERATION OF FEBRUARY 27, 1974.
AGREEMENT APPEARS TO HAVE WORKED WELL FROM NATIONAL SCIENCE
FOUNDATION ANGLE BUT MARKEDLY LESS WELL FROM ENERGY VIEW-
POINT, APPARENTLY BECAUSE OF LACK OF FUNDING BY BOTH USG
AND GNZ. EMBASSY BELIEVES THE GNZ WOULD WELCOME
INDICATIONS FROM THE VICE PRESIDENT THAT THE USG IS
INTERESTED IN PUMPING NEW LIFE INTO THE ENERGY SIDE
OF THE AGREEMENT, PARTICULARLY GEOTHERMAL. GNZ WOULD
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BE LESS ENTHUSIASTIC, HOWEVER, FOR COOPERATION THROUGH
THE INTERNATIONAL ENERGY AGENCY (IEA), PREFERRING
DIRECT, BILATERAL COOPERATION. GNZ HAS ONLY MODEST,
"WATCHING BRIEF" FOR HOT DRY ROCK WORKING GROUP. END
SUMMARY.

1. REFTEL IS ACCURATE IN DESCRIBING DISCUSSIONS

BETWEEN THE USG AND GNZ IN THE LATE 60'S AND EARLY 70'S ON GEOTHERMAL, AS WELL AS THE GNZ DECISION TO CONCENTRATE IN THE SHORT TERM ON DEVELOPMENT OF ITS SUBSTANTIAL MAUI NATURAL GAS FIELDS. IT SEEMS TO OVERLOOK, HOWEVER, THAT AN AGREEMENT FOR SCIENTIFIC AND TECHNOLOGICAL COOPERATION WAS SIGNED ON FEBRUARY 27, 1974, WHICH SPECIFICALLY IDENTIFIED ENERGY RESEARCH AS THE AREA OF "INITIAL EMPHASIS." FROM THE GNZ VIEWPOINT THIS CERTAINLY INCLUDED GEOTHERMAL, INASMUCH AS IT IS THE ONE ENERGY FIELD WHERE IT FELT IT HELD AN EXPERTISE VALUED BY THE US.

2. THE GNZ HAS CREATED A COMMITTEE TO ADMINISTER THE AGREEMENT AND HAS AN EXECUTIVE DIRECTOR, DR. GARTH HARRIS, BASED AT AUCKLAND UNIVERSITY. WHILE THE POSSIBILITY OF THE VICE PRESIDENT RAISING THE SUBJECT OF GEOTHERMAL COOPERATION DURING HIS VISIT HAS NOT BEEN DISCUSSED WITH THE GNZ, EMBASSY SCIENCE OFFICER HAS DISCUSSED ON PREVIOUS OCCASIONS THE GENERAL SUBJECT OF SCIENTIFIC COOPERATION AND THE AGREEMENT. THE COMMENTS OF HARRIS AND SCIENTISTS AT THE DEPARTMENT OF SCIENTIFIC AND INDUSTRIAL RESEARCH (DSIR) HAVE CONSISTENTLY CENTERED AROUND THE LACK OF FUNDING--FROM BOTH THE GNZ AND USG--FOR THE EFFECTIVE IMPLEMENTATION OF THE EXCHANGE. NSF SEEMS TO HAVE DONE BETTER IN THIS REGARD AND THE LIMITED OFFICIAL USE

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EXCHANGES WHICH HAVE BEEN CENTERED AROUND NSF APPEAR TO BE WORKING WELL. IN THE ENERGY AREA, HOWEVER, THE GNZ HAS FOR THE PAST TWO YEARS BEEN OPERATING ON A VIRTUAL FREEZE ON FUNDS FOR FOREIGN TRAVEL, AND THIS HAS SEVERELY CRIPPLED ITS PARTICIPATION IN IEA AND CCMS ACTIVITIES CONCERNING GEOTHERMAL. IT HAS ALSO CUT THE BILATERAL FLOW OF NZ GEOTHERMAL EXPERTS TO THE US TO VIRTUALLY ZERO IN 1977, ALTHOUGH SEVERAL EXCHANGES DID TAKE PLACE IN 1976. SIMILARLY, THE MOVEMENT OF US ENERGY EXPERTS TO NZ FOR EXCHANGES, PARTICULARLY IN GEOTHERMAL, HAS APPARENTLY NOT BEEN FUNDED BY DOE OR ITS PREDECESSOR ERDA. (EMBASSY UNDERSTANDS A US GEOLOGICAL SURVEY EMPLOYEE IS NOW IN NZ STUDYING GEOTHERMAL RESERVOIR MODELING.) BECAUSE THE GNZ BELIEVES ITS GEOTHERMAL TECHNOLOGY IS OF WORLD LEADERSHIP CALIBER, IT SEEMS TO FEEL (PERHAPS PAROCHIALY) THAT THE MOST CAN BE GAINED BY US EXPERTS COMING TO NZ. THUS, THE APPARENT LACK OF US FUNDING FOR SUCH VISITS IS A SOURCE OF SOME FRUSTRATION. THIS IS COMPOUNDED BY THE KNOWLEDGE THAT IT WILL SURELY BE SEVERAL ADDITIONAL YEARS BEFORE NZ FUNDS ARE FREED UP FOR ITS SCIENTISTS

TO ENGAGE IN SIGNIFICANT FOREIGN TRAVEL.

3. THE GNZ IS LESS THAN ENTHUSIASTIC FOR THE WORK OF THE IEA. HARRIS HAS DESCRIBED IT AS "A GREAT BIG BUREAUCRACY" WHICH DOESN'T SEEM CAPABLE OF "BEING PERSONAL." THE NZ SCIENTIFIC COMMUNITY PREFERS THE PERSONAL TOUCH IN SCIENTIFIC COOPERATION AND WOULD THEREFORE HAVE A CLEAR PREFERENCE FOR STRENGTHENING THE BILATERAL SIDE OF GEOTHERMAL EXCHANGES. ALTHOUGH POLICY DECISIONS OF THIS SORT, I.E., DECIDING ON AN APPROPRIATE MIX OF BILATERAL AND IEA COOPERATION,

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WOULD BE THE RESPONSIBILITY OF THE NEW MINISTRY OF ENERGY AND ITS MINISTER GEORGE GAIR, AND THE SUBJECT HAS NOT BEEN DISCUSSED WITH THEM, THE EMBASSY BELIEVES THEY WOULD ALSO OPT FOR STRENGTHENED BILATERAL EXCHANGES.

4. THE PRIMARY ROLE OF GEOTHERMAL IN THE GNZ'S ENERGY DEVELOPMENT SCHEME IS HYDROTHERMAL. IT BELIEVES IT HAS LITTLE IMMEDIATE POTENTIAL FOR "HOT DRY ROCK" DEVELOPMENT--CERTAINLY MUCH MORE EXPENSIVE THAN THE UNTAPPED HYDROTHERMAL--AND THEREFORE CARRIES ONLY A "WATCHING BRIEF" ON THE WORK OF THE IEA WORKING GROUP.

5. EMBASSY RECOMMENDS THAT THE DEPARTMENT DISCUSS THE
SUBJECT OF US-NZ ENERGY EXCHANGES, ESPECIALLY
GEOTHERMAL, WITH JACK VANDERRYN, OFFICE OF INTERNATIONAL
RESEARCH AND DEVELOPMENT PROGRAM, DOE.

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5. FYI: US-NZ AGREEMENT FOR SCIENTIFIC AND TECHNOLOGICAL
COOPERATION, ORIGINALLY DRAWN UP FOR A FIVE-YEAR
PERIOD, NOW HAS LESS THAN ONE YEAR TO RUN. DEPARTMENT
MAY WISH TO BEGIN NOW THE REVIEW PROCESS LEADING TO
A DECISION WHETHER OR NOT THE AGREEMENT SHOULD BE
EXTENDED. END FYI. SELDEN

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